

MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS COMMITTEE

April 19, 2005 at 9:30 A.M.

Room W135, House Building, Senate Capitol Complex

Members Present: Sen. Lyle Hillyard, Co-Chair
 Rep. Ron Bigelow, Co-Chair
 Sen. Mike Dmitrich
 Sen. Dan Eastman
 Sen. Beverly Evans
 Sen. Karen Hale
 Sen. Peter Knudson
 Sen. Ed Mayne
 Pres. John Valentine
 Rep. Jeff Alexander
 Rep. Ralph Becker
 Speaker Greg Curtis
 Rep. Ben Ferry
 Rep. Patricia W. Jones
 Rep. Roz McGee
 Rep. Stephen Urquhart
 Sen. Curtis Bramble, Vice Chair
 Rep. David Clark, Vice Chair

Members Absent: Sen. Gene Davis

Staff Present: John Massey, Legislative Fiscal Analyst
 Michael Kjar, Deputy Director, Fiscal Analyst
 Lynette Erickson, Secretary

Others Present: Sophia DiCaro, Governor's Office of Planning and Budget
 Loris Betz, University of Utah
 Noelle Cockett, Utah State University
 Scott Carver, Executive Director, Corrections

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order

Committee Co-Chairman Ron Bigelow called the meeting to order at 9:52 a.m.

2. Federal Funds Issues

Sophia Dicaro, Governor's Office of Planning and Budget, directed committee attention to the chart

listing Federal Assistance Applications Requiring Legislative Action. She pointed out there were three lists included, two for information only, and one for committee consideration.

Responding to a question from Rep. Alexander, John Fellows clarified why committee approval was only needed for one list, not all three. He read from the statute which lists different criteria for approval. Spencer Pratt provided additional clarification and Sophia Dicaro answered questions regarding renewal applications and matching state funds. Co-Chair Bigelow confirmed that any matching funds would come out of existing budgets and would not require additional funding.

MOTION: With a quorum present, Sen. Hillyard moved the minutes of March 1, 2005 be approved. The motion passed unanimously.

MOTION: Sen. Mike Dmitrich moved the Applications for Federal Funding Grants be approved as outlined. The motion passed unanimously.

Spencer Pratt, Legislative Fiscal Analyst, reviewed four items in the document "Current Federal Issues with State Impact" included in the booklet:

1. Medicare Prescription Drug, Improvement and Modernization Act of 2003.

Mr. Pratt reported on a new provision in Medicare that after January 1, 2006, enrollees will receive prescription drugs. They will be receiving information soon, and enrollment will be open beginning in November through May 2006. It's an optional benefit and there will be premiums, co-pay, deductibles, etc. There will be an option for low income to receive a subsidy. The Department of Health estimates approximately 2,500 applicants will be Medicaid eligible and it requested a budget increase to cover the workload increase. He stated the Federal government instituted this new program with a complicated payment formula and they will be expecting reimbursement for drugs they will be paying for that states have previously. The Department of Health estimates \$17.3 million dollars will have to be paid to the federal government. The Center for Medicare and Medicaid Services (CMS) could come make a more in depth presentation sometime in the future if the committee desired.

Rep. Jones asked what Utah's portion of the President's budget reduction for Medicaid would be, which Mr. Pratt responded \$60 million annually for the next 10 years. Rep. Clark questioned on dual eligibles and Mr. Pratt responded that those already on Medicaid receiving drugs would be covered by Medicare beginning January 1, 2006.

Co-Chair Bigelow welcomed Sen. Ed Mayne to the committee.

3. Senate Bill 192 - High Technology Economic Development Appropriation

Mr. Boyd Garriott briefly introduced this presentation saying SB 192 appropriated money to the

University of Utah and Utah State University to develop programs that would affect economic development in our state. These colleges have come up with plans to implement their programs and, as directed in the intent language, are to inform the committee of their plans, how they propose to spend allocated funds, and to get approval to continue to implement their programs. He stressed these are preliminary reports.

Loris Betz from the University of Utah discussed their plan as outlined in "Utah STAR Economic Development Initiative Planning Proposal" on page 3. He stressed that the Utah Bureau of Economic and Business Research on their campus will provide administrative support, there will be evaluations and comparisons of other states which will culminate in a report by November as directed. He spoke of recruitment, that they are hoping to bring in highly qualified people as quickly as possible as final negotiations can happen very quickly and there is intense competition from other institutions.

Mr. Betz reported that the University of Utah's proposal is to divide their allocation between their Brain Institute (\$1,200,000) and Information Technology (\$1,200,00). They would like to explore development of new brain imaging research and discover new procedures for those suffering from brain ailments. Their information technology area of focus would be on homeland security and technology to detect threats and communicate them to people. This field is expanding rapidly and the interest is high.

Noelle Cockett from Utah State University briefly described their proposal. They would like to use their allocation for Microbial Transformation. They have selected some faculty already on their campus working on this and have identified microbes that can help the environment and in commercialization of products. She discussed the type of individuals they are looking to bring in hopefully by 2006 and gave a funding breakdown saying any unused salary is to be used for equipment. She said this project will stimulate economic development in the state.

Committee members expressed appreciation and support of the projects. Rep. Jones commented these projects could have a significant impact on markets outside of Utah, particularly third world countries. Rep. Clark remarked that this committee is interested in updates and reports on these programs and their successes. They discussed space issues and renovation projects. Speaker Curtis commented on the Brain Institute and the science currently going on there and the prestigious awards they have received. Sen. Hillyard referred to the intent language and suggested they do not need committee approval, but the committee wanted to be kept informed. Co-Chairman Bigelow stated their reports were well received and to keep doing what they are doing and keep the committee informed. Community support was recognized and two statements of that support were distributed.

4. Bills with fiscal implications being considered in Special Session

Mr. John Massey, Legislative Fiscal Analyst, identified and discussed with the committee bills with fiscal impact to be considered during the special session. Regarding HB 1001, Sen. Hillyard expressed concern that UPASS testing in the state is better than the federal, but educators say it hasn't been funded as well as it should to make it work. Michael Kjar, Legislative Fiscal Analyst, responded there are continuing requests from the State Office of Education for funding to move state UPASS testing along. Sen. Hillyard asked for information where we are on a percentage basis of needed funding. Mr. Kjar also clarified that HB 1001 is same the same bill as HB 135 and has the same provisions for "No Child Left Behind". Pres. Valentine offered clarification on differences and referred to a letter from the Secretary of Education, stating it appears we have different approach to "No Child Left Behind".

Rep. King pointed out that although there is no fiscal note, if federal funds were withdrawn, there could be major implications on state budgets, in San Juan County it could be as much as 50%. Rep. Jones reiterated it is important to know what percentage UPASS has been funded before they vote today. A representative from the State Office of Education said they would provide that information as well as, at Sen. Hale's request, the amount it would cost to fully implement UPASS. Rep. McGee asked for a copy of the letter from the Secretary of Education. Rep. Alexander requested estimates to fund "No Child Left Behind" be included.

Regarding other bills with fiscal impact. Mark Bleazard, Asst Deputy Director, clarified that HB 1006 included funding for a task force which was not funded during the general session. Speaker Curtis asked that the note reflect what the task force really would cost and Co-Chair Bigelow said the note would be corrected. On HB 1009, Executive Compensation, money was appropriated during the general session and no additional funding was needed. Sen. Bramble commented that DORA's baby sister SARA will have a fiscal impact of \$1.4 million.

Speaker Curtis requested clarification on expansion of correctional facilities. Scott Carver, Executive Director, Corrections, explained expansion of jail facilities would come first in Millard county, Beaver county next, and Sanpete county third. He said these expansions were from county budgets or bonding, no money from the state. Speaker Curtis pointed out that by authorizing a 200 bed facility, the state would be obligated for 20- year bonds since the state contracts prisoners for 20 years, and if not so, Beaver would not be able to build their jail and to say state dollars are not involved is wrong. Mr. Carver responded that if prisoner population decreased or the state built a facility, it would impact county jails, but he pointed out county beds have never been at risk and the state has not reduced county beds contracted for, but the only reductions have come from counties. Rep. Ferry asked how they track available county jail beds and how many are currently available. Mr. Carver responded they track beds available daily, currently there are about 95, but it fluctuates daily.

President Valentine brought attention to three other bills possibly with fiscal impact. Funding facilities

for counties of first class does require an appropriation. Mr. Massey explained that the appropriation would come from surplus monies, they were not changing the budget, but appropriating out of surplus. Pres. Valentine asked how money was being appropriated and Andrea Wilko, Legislative Fiscal Analyst, agreed to provide information for the Senate caucus on what the state commitment is, how much is being raised and from what sources with a breakdown in phases.

Co-chair Bigelow confirmed that the tourism bill is only a technical amendment and does not change dollars. The Veterans nursing home bill is a bond which ongoing funding of \$125,000 starts in '07.

MOTION: Co-Chair Hillyard moved the meeting adjourn.

The meeting was adjourned at 11:23 a.m.

Minutes reported by Lynette Erickson, secretary.